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# OPINION

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## Kentucky's big move in the Rainy Day Fund rankings

The progress Kentucky has made establishing legitimate budget reserves received some nice validation last week when the Pew Charitable Trusts reported their FY '21 "Rainy Day Fund" state trends. From their Fiscal 50: State Trends and Analysis update:

Rainy day funds, also known as budget stabilization funds, grew in more than two-thirds of states — 35 — during fiscal 2021, according to figures reported to the National Association of State Budget Officers (NASBO). A slightly greater number of states—36—posted increases in the number of days they could run government operations using rainy day funds alone compared with the previous year.

Their Rainy Day Fund Highlights section included:

Kentucky had the greatest increase in days (+51.2 days), followed by California (+40), Colorado (+34.4), New Hampshire (+34), and Connecticut (+27.6).

Based upon the FY '21 figures, Kentucky ranked 12th among the states with the strongest budget reserves relative to their total spending. (Note from Pew on their metric to compare states: "One way to standardize the size of reserves and balances is to calculate how many days a state could run solely on those funds, even though the scenario is highly unlikely.")

Frankfort's arrival at a bipartisan Rainy Day Fund consensus has been impressive. It should not, however, be taken for granted.

For decades, government spending has been the first prerogative in Kentucky's state capital. Establishing sufficient budget reserves to deal with cyclical revenue fluctuations or to prepare for unforeseeable circumstances hasn't been a high priority.

This seems to be changing, due in no small part to the leadership of the current chairmen of the legislature's Appropriations and Revenue Committees.

The next critical task is developing a statutory framework around the budget reserves. It must become more than an account with money tucked away. Instead, the Rainy Day Fund should become a program with clear guidelines on how to manage it, in good times and in bad.

We co-authored an op-ed with Pew on this topic last February and will continue to encourage the General Assembly to move ahead with consolidating the state's gain from this significant accomplishment.

## Big Biz, Big Govt: Voters are wary

By Jim Waters



Four days before the Primary Election, Rep. Adam Koenig, an Erlanger Republican, tweeted about Fayette County Constable Wade McNabb — with whom he's sparred regarding legislation restricting constables' police powers — hoping his nemesis would lose a reelection bid while apparently entertaining no possibility he might fall short in his own campaign.

"Happy we got my bill passed this year so I don't have to deal with him again," tweeted Koenig, who was first elected in 2006 and was running to represent the 69th District for a ninth term. "Hopefully the voters will take care of him on Tuesday."

Actually, voters "took care" of both, sending McNabb and Koenig packing.

Voters also dismissed Union Republican Rep. Sal Santoro — another eight-term legislator — and Hebron Republican Rep. Ed Massey, chair of the House Judiciary Committee.

Positions on critical issues matter and citizens

are paying more attention than given credit for by the political establishment.

Consider what happened to Massey, an avowed school choice opponent seeking a third term.

While we've praised Massey in this column for his innovative work in helping bring reform to the Teachers' Retirement System, he ignored the voices of parents and citizens by opposing more educational alternatives for children.

Voters responded by handing Massey his walking papers, indicating a growing rejection of what an increasing number of citizens regard as "big education" — a monolithic establishment often hostile to parents that isn't successfully educating children, either.

Free-market-minded voters in Kentucky, like elsewhere, also show increasing concern about the coziness between government and business, making them both bigger.

Consider Marianne Proctor's 52% to 48% defeat of Santoro — despite his huge \$122,000 campaign war chest, "much" of which "was from road contractors."

Santoro raised that re-election money while chairing the influential Transportation Budget Subcommittee.

Voters were willing to give up whatever Santoro's seniority might mean for their region — a consequence bemoaned by the local political and even establishment media in Northern Kentucky — for someone who isn't so beholden to the big business elements permeating our transportation budget and policies.

Apparently, it matters to voters that Santoro served as the point person for big business during a failed five-year campaign to raise the state's gasoline tax by a whopping 10 cents a gallon, which would have added a half-billion dollars to Kentuckians' already heavy overall tax burden.

Road contractors and big business went to the mat for the gas tax increase but, fortunately, came up way short.

Such policy — and political — defeats of tax-and-spending policies favored by entrenched lobbyists in Frankfort indicate "different attitudes toward big business, a fault line between the establishment and liberty factions within the GOP," observed Bluegrass Institute Visiting Policy Fellow Andrew McNeill, who's worked with Republicans in Frankfort for two decades.

It also signals concerns among voters who are pro-small business, pro-entrepreneur and very skeptical of the big-business lobby's consistent efforts to get

special treatment.

Tuesday's primary results fit with what's happening in other places — voters more determined to make changes ensuring that those chosen to represent them will govern with the same skepticism.

While Republicans will continue to enjoy a supermajority status in both chambers of the legislature, McNeill sees "a market correction of ideas" reverberating throughout Republican caucuses nationwide — a shift away from the mindset that "the pro-business, pro-Chamber agenda is the dominant strain of conservatism within the Republican Party."

Previously, party leaders may have not had any reason to question that orthodoxy, but now McNeill says it's coming into focus.

"A significant portion of the conservative movement is becoming as skeptical, and rightfully so, of big business as they are of big government — and they certainly don't like seeing the collaboration between the two," he adds.

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